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← U S GOVERNMENT

Characteristic of general industry (from American Management Assn. December, 1952) →

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SOURCE: Mr. Roger W. Squier - Statistics Branch
Progress and Review Analysis Div.
Office of the Comptroller of
the Army

Following the suggestion of Mr. Seamster (See Memo. reference above), I discussed with Mr. Squier, one of the drafting officers on the "Royall Plan" repeal staff study, the Plan and its operations as he saw it.

1. Origin of the Plan: Mr. Squier said the original impetus leading to the "Royall Plan" (or "Royall Ceilings" as he referred to it) came when Under Secretary of War Royall discovered that his Department had approximately 214 CAF-15 level personnel who received about the same salary as Under Secretary Royall. Mr. Royall then had a study prepared by Mr. Squier giving the average percentage ratio between grades from 1939-47. The Under Secretary modified these ratios as he saw fit and announced percentage cuts in War Department civilian personnel by grade groupings to bring the War Department Civilian personnel figures into the grade ratios he has previously established. These cuts were later applied on the major War Department components as numerical ceilings for the grade groupings. In 1949, the numerical ceilings on major components were changed to percentage ratios between grade groupings with grade groupings as follows:

<u>1947</u>	<u>1949</u>
Group A - CAF 13-14-15	CAF 14-15, P 7-8-9
Group B - CAF 11-12, P 6-7-8	CAF 12-13, P 5-6
Group C - CAF 9-10, P 3-4-5	CAF 9-10-11, P 3-4
Group D - All other	All other

2. Repeal of the Plan: On 21 April 1950, a staff study, recommending repeal of the "Royall Ceilings" was prepared, concurred in by the major Army components and forwarded to the Secretary of the Army. This study was approved and its recommendations put into effect in June, 1950.

The staff study listed the following principal complaints against the "Royall Ceilings":

- a. Sound program planning restricted, e.g. career planning and development made impractical.
- b. Poor morale.
- c. Personnel administration complicated by increased recruiting problems, greater turnover, additional records required, etc.
- d. No real financial savings resulted while the administrative workload was increased, i.e. funds ceiling for personnel not changed by the "Royall Ceilings" on grades.

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e. Job dilution, i.e. many lower grades were being used to accomplish mission a few higher grade people could handle more efficiently.

The study concluded:

a. The "Royall Ceilings" purpose of carrying out a drastic reduction in higher grade personnel had been achieved.

b. Funds control ceilings established for civilian personnel and the application of civil service standards provided adequate controls on the Army's civilian manpower without further need for the "artificial" controls of the "Royall Ceilings".

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The subject of the discussion was confined to the "Royall Plan". Seamster, speaking from both memory and the four or five documents he had on the subject, explained the Plan as follows:

1. Background: In early 1947 the War Department Manpower Board (WDMB) gave active consideration to the method of accomplishing the drastic reduction in civilian personnel contained in the FY 1948 War Department Budget. The situation was complicated by the fact that past reductions had been levied almost entirely in the lower grades leaving the grade structures enormously top-heavy. A War Department Memorandum to major component commanders on 20 March 1947 stated: "In one category a reduction of approximately 50 per cent between 1 July 1945 and 1 January 1947 was accomplished by releasing from 85 per cent of the grades CAF 4 and below and actually increasing the grades CAF 9 and above."

2. The Plan: To meet this problem the military members proposed to the WDMB a specified percentage cut for each grade. Kenneth C. Royall, then Under Secretary of War, modified and approved this Plan for classified Civil Service personnel which included the following basic provisions:

a. Higher grade Departmental (Headquarters) positions to be cut 15 per cent.

b. Field positions:

Group A - CAF 15-14-13	50% cut
Group B - CAF 12-11, P 8-7-6	40% cut
Group C - CAF 10-9, P 5-4-3.	30% cut
Group D - All other.	25% cut

c. Cuts to be applied equally on grades with each group.

d. The specific application of cuts in the field to be left to major components provide the total reductions by groups were met.

e. The requisite number of jobs were to be abolished not reclassified.

This reduction plan for civilian classified personnel became known as the "Royall Plan."

3. Operation of the Plan: The Royall Plan was strictly applied in FY 1948. In FY 1949 and FY 1950 the ratios between the grade groups established by the Plan's reductions were continued. However, increasing resistance developed to the rigid ratios on the basis of:

a. Additional percentages of higher grade personnel were necessary to meet the increased requirement for skilled scientific and technical personnel in research and development as well as the highly qualified administrative specialists called for in "modernization and streamlining" plans.

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b. In many cases the rigid ceilings were being circumvented by moving military personnel into the higher grade civilian positions.

c. Low morale caused by performance of higher grade jobs at lower salary rates.

d. No local flexibility in organization.

4. Results of the Plan: In the spring of 1950, a staff study was prepared and finally approved in June 1950 which abolished the Grade-Group ratios established by the Plan. In June 1950 (before the effects of the repeal were reflected) the grade percentages for classified Civil Service employees were:

Group A - Less than .005
Group B - 8%
Group C - 32%
Group D - 50%
CPC - 10%

In June 1953 (before major reductions had been levied on the lower grades) these ratios had become:

Group A - 1%
Group B - 9%
Group C - 32%
Group D - 49%
CPC - 8%

By the early part of 1954 the Army faced a problem quite similar to that of seven years earlier. The reduction of FY 1954 has been levied on the lower grades and actually increased the higher grades. Department of the Army Circular No. 31, 30 March 1954, states: "Although civilian employment is declining, the actual number of employees occupying positions in grades GS-9 through -15 shows a steady increase. This trend has been present over the last several years and occurs at all echelons. During the period 30 June 1952 to 31 December 1953, the number of employees in grades GS-9 through -15 increased 7,182, while the total GS employment dropped 23,888 in the continental United States." A decision has recently been reached by the Army not to apply a "Royall Plan" solution to this problem. Instead, Circular 31 was issued on 30 March 1954 (attached). This circular delegated to the continental commanders general responsibility for reducing the number of civilian grades GS-9/15 through gradual reductions based on proper classification and streamlining of organizations. However, the commanders were not to replace high grade civilian positions with military personnel or establish grade ratios to effect reductions.

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SUBJECT: The Royall Plan

The Royall Plan or Royall ceiling was placed into effect in the winter of 1948 by Secretary of the Army Kenneth Royall at the time the reduction in force under Secretary of Defense Louis Johnson was being implemented. The purpose of it was to achieve a realistic balance in the reduction inasmuch as the ceilings placed upon the departments in the military applied only to total numbers of personnel and not to the numbers in any specific GS grade.

The Royall ceiling attempted to correct the tendency prevalent at the time toward the retention of a disproportionate number of high grade personnel and the resultant "top-heavy" effect upon the civilian personnel establishment with the Department of the Army. In essence, the Royall ceiling required the dismissal of a proportionate number of high grade personnel along with those of lower GS rating.

The mechanics of the ceiling were relatively simple. GS ratings from 1 through 18 were grouped into four categories, A through D, with category A, possibly comprising GS ratings 14 through 18; category B comprising GS ratings 10 through 13, and so forth. In any given command or installation within the Department, or in the Department as a whole for that matter, a percentage of total employees was established for each category which could not be exceeded. As an illustration, it might be established that no more than 1.5 per cent of all employees in a given type of installation could be of category A; that no more than 6 per cent might be of category B; and so forth. In this manner, each command responsible for the employment of Civil Service personnel would be obliged to undertake a proportionate reduction in force.

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TRANSMITTAL SLIP	
13 April (Date)	
TO:	L. R. White
BUILDING	ROOM NO.
REMARKS:	
<p>Re: personnel's wage plan</p> <p>① The attached will give you some desirable back-ground.</p> <p>② The graph is from black-duck paper.</p> <p>③ This matter is of vast importance.</p>	
FROM:	[Redacted]
BUILDING	EXTENSION
FORM NO. 36-8 SEP 1946	

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